

**North Carolina Industrial Hemp Commission
Minutes**

**September 24, 2019
9:00 a.m. – 12:00 p.m.**

**Gov. Jim Martin Building
N.C. State Fairgrounds – Raleigh, NC**

Commissioners in attendance:	Other official attendees:
Dr. Tom Melton, Chairman	Paul Adams, Plant Industry Division, NCDA&CS
Dr. Sandy Stewart, Vice-Chairman	Tien Cheng, Department of Justice
Mr. Guy Carpenter	Beth Farrell, General Administration, NCDA&CS
Mr. Billy McLawhorn	Phil Wilson, Plant Industry Division, NCDA&CS
Sheriff Tim Manning	Jon Lanier, Asst. General Counsel, NCDA&CS
Mr. Fen Rascoe	
Mr. Pat Short	
Dr. Guochen Yang	

Call to Order – *Dr. Tom Melton, Chairman*

Roll Call of Attendees – *Dr. Tom Melton, Chairman*

Chairman **Melton** initiated a roll call to determine if a quorum of Commissioners were present. Eight Commissioners as listed above were in attendance, meeting the requirement of a quorum.

Statement Concerning Conflicts of Interest – *Dr. Tom Melton, Chairman*

Chairman **Melton** read the statement concerning conflicts of interest and asked members to identify any potential conflicts of interest. No conflicts of interest were identified.

Recognition of Special Guests – *Dr. Tom Melton, Chairman*

Chairman **Melton** noted there were no special guests at this meeting.

Approval of Minutes from the September 3, 2019 meeting – *Dr. Tom Melton, Chairman*

- Chairman **Melton** called for a motion to approve the minutes from the September 3, 2019 meeting. Motion to approve these minutes was made by Commissioner **Short** and seconded by Commissioner **Carpenter**. Motion passed on a voice vote.

Industrial Hemp Program Update – *Mr. Paul Adams, NC Industrial Hemp Program Manager,
Plant Industry Division, NCDA&CS*

Chairman **Melton** called on Paul Adams, NC Industrial Hemp Program Manager, to provide a program update.

- Mr. **Adams** reported that as of September 24, 2019, North Carolina has 1,324 licensed industrial hemp growers, representing 16,466.33 licensed acres and 6,139,927.6 square feet of licensed greenhouse production. There are currently 837 registered processors in the state.

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- Vice-Chairman **Stewart** asked Mr. **Adams** if there was an estimate of what percentage of licensed acres have been planted; Mr. **Adams** estimates half has been planted.
- Commissioner **Carpenter** asked Mr. **Adams** what percentage of licensed greenhouse space has been planted; Mr. **Adams** estimates half. Final information will be collected in the end of year survey.
- Commissioner **Carpenter** asked Mr. **Adams** how many licenses had been issued for institutions; Mr. **Adams** estimates less than 50.

New Business

- Review and Approval of Research Pilot Program Applications – Dr. Tom Melton, Chairman
 - Chairman **Melton** read the names of the applications under consideration at this time: Ricardo Hernandez; Michelle Fleckner; Robert T Coles; Brentley Lee Matthews; Joffre Stanley B. Hughes; Thomas Charles Davis; Aaron Joseph Herms; D C Huneycutt Jr.; Thomas Frederick Dechant; Joel Lee Moorefield; Kyle Davis Sutton; Erin Scnoia Stewart; Dennis Paul Muraglia; William Wallace Eaton; Karen McCoury McCulloh; Jameson Klein; William M. Petty-Johnson; Troy Duane Jackson; Jimmy Austin Bowden Jr; David Phillip Peed; Jonathan David Ladson; Marie Repine McNeill; Xiong Hou; Jonathan Paul Ashley; Dwight Albert Baker; George Lester Neely III; Donna Marie Logan; Steve Stucker; Mark Steven Lunsford; William Waighstill Avery; and Samuel Wayne Brown.
 - Chairman **Melton** asked if there was a motion to approve the applications presented. Commissioner **McLawhorn** made a motion to approve the applications. Commissioner **Manning** seconded the motion to approve. After roll call vote, all applications were approved.
- Overview of the Rulemaking authority of the NC Industrial Hemp Commission – Mr. Tien Cheng, Assistant Attorney General, NC Department of Justice
 - Mr. **Cheng** noted that the N.C. Industrial Hemp Commission derives its authority, including rulemaking, from the N.C. General Assembly. Currently, the Commission only has authority over the pilot program and can only adopt rules for the pilot program. The current Commission does not have authority to adopt rules, either temporary or permanent, for the permanent state hemp program.
- USDA State Plan Update (pending information released from USDA) – Mr. Jon Lanier, Assistant General Counsel, NCD&CS
 - Mr. **Lanier** noted that the U.S.D.A. plans to release their guidance for State Plans this fall based on the 2018 Farm Bill. He also noted the preliminary injunction from a federal judge in Indiana and potential impacts on the smokable hemp ban proposed for North Carolina. Vice-Chairman **Stewart** asked that Mr. **Tyler Russell**, Ward & Smith PA, provide additional information regarding the case; Mr. **Russell** provided brief overview of the case.
- Review of Existing Rules of the NC Industrial Hemp Research Pilot Program to Generate Ideas and Concepts for Future NC Hemp Program – Dr. Tom Melton, Chair

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- Chairman **Melton** noted that with Mr. **Cheng's** guidance on the authority of the Commission, feel this would be a good time to review existing rules and offer suggestions for the permanent N.C. hemp program. When the existing program rules were drafted, they were not lengthy, but put a burden on staff to enforce. When these rules were written, there was no way to know that CBD would emerge as a primary market for hemp produced in North Carolina. The Commission reviewed existing rules and made to following comments:
 - 02 NCAC 62 .0101 Approved Seed for Planting
 - Discussion regarding if it was clear this section also includes clones.
 - Discussion regarding protocols for importing foreign seeds.
 - Discussion regarding hemp grown for fiber may be harvested before flower material is formed; may limit ability to test THC.
 - Discussion regarding need to revisit entire section. When implemented, required DEA import permits; that is no longer the case.
 - Chairman **Melton** suggested that future rules be drafted by staf with input from N.C. Crop Improvement Association and presented to the Commission for consideration.
 - 02 NCAC 62 .0103 Sampling of THC Level
 - Noted controversy over testing methodology and interpretation.
 - Mr. **Lanier** suggesting seeing if U.S.D.A. addresses this by setting a national standard; the 2018 Farm Bill legitimized decarboxylation process.
 - Commissioner **Carpenter** asked Mr. **Scott Prophter** to explain what testing protocols mean to farmers. Mr. **Prophter** noted that testing protocols are on all farmers mind; using gas chromatography shows total THC. He also noted that looking at just delta-9-THC may not account for varieties with low delta-9 and high THCA; the spirit of the law is to not grow marijuana.
 - There was discussion regarding the necessity of the N.C. hemp program remaining compliant with federal law.
 - Consideration to establishing a time frame in permanent rules to give staff the flexibility to strategically approach sampling. The time frame for sampling would begin once a grower notifies NCDA&CS Plant Industry Division that plants are flowering.
 - Discussion was also held regarding the amount of plant sampled and if there should be different methodology based on how the plant will be marketed.
 - Mr. **Phil Wilson** noted that failure rate this season is below 10%.
 - 02 NCAC 62 .0106 Fees
 - Chairman **Melton** asked that Ms. **Beth Farrell** and Mr. **Paul Adams** analyze existing fee structure and make recommendations; consideration is to be given if there should be different fees for field and greenhouse production.

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- A comment was made to look at a check-off program to support the industry long-term.
- 02 NCAC 62 .0107 Application for Licenses
 - Discussion was had regarding the Bona Fide farmer provision in the current version of the 2019 NC Farm Act.
 - Discussion was held regarding people operating on other's licenses; this is not currently addressed in rules. Concerns were expressed regarding people growing who couldn't qualify to participate in the program and that it may be an issue for law enforcement since the grower may not appear on a list of licensed growers.
 - Discussion was held regarding creating a permit for someone outside the grower to transport hemp.
 - It was suggested that existing programs such as the aerial pesticide license be evaluated for feasibility in the hemp program.
 - Discussion was held regarding what would happen to those who can not meet Bona Fide farmer status via NC Department of Revenue definitions; would there be growers who wouldn't be eligible in the permanent program?
 - Discussion was held regarding length of permit and if pilot program participants should be grandfathered into permanent program.
 - Discussion was held regarding developing a program that is as accessible to everyone as possible while being compliant with state and federal laws.

Public Comment Summary

- Noted that there may be opportunities to market hemp in export markets.
- Would like to see grey areas of the law addressed.
- Noted challenges in the industry with rules and regulations changing along with greed driving industry; encouraged progressive taxation based on volume.
- Overview of the pharmaceutical progression was shared; want to ensure public safety.
- Comments regarding proposed smokable hemp ban and how it would impact farmers.
- Noted lack of diversity on the commission.
- Noted future for small farmers in CBD/smokable hemp.
- Current lack of standards in establishing new strains and varieties.
- Expressed concern for law enforcement to be able to access license information. Noted farmers had been sold seed that is testing above 0.3% THC. Asked if COAs could be faked.
- Request for the Police Chiefs Association to work to help improve information sharing.
- Questions regarding extraction, and regulations regarding extraction for personal use.

Adjourn: Being no further business, Commissioner **Manning** made a motion to adjourn which was seconded by Commissioner **Carpenter**.

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